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Message Text

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ACTION ARA-06

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TO SECSTATE WASHDC IMMEDIATE 8339

C O N F I D E N T I A L CARACAS 3867

LIMDIS

EO 11652: GDS
TAGS: ENRG PFOR VE CU
SUBJ: POSSIBLE SALE OF OIL TO CUBA BY U.S. COMPANY

REF: A. CARACAS 3803 B. BUTCHER/GRAHAM TELECON 4/10/75

1. PETROLEUM ATTACHE DELIVERED ESTIMATES ON CUBAN OIL CONSUMPTION SUPPLIED BY TELECON (REF B) TO DIRECTOR OF HYDROCARBONS APRIL 10. DIRECTOR EXPLAINED THAT SITUATION IS AS FOLLOWS.

2. SUN OIL COMPANY HAS APPLIED TO MINES MINISTRY FOR 8 PERCENT ANTILLIAN TAX WAIVER ON PROPOSED SALE TO CUBA OF 50,000 B/D. SUN PREVIOUSLY SUPPLIED THIS QUANTITY TO PUERTO RICO UNTIL GOV REIMPOSED ANTILLIAN TAX ON SUCH SHIPMENTS IN 1974. GOV JUSTIFICATION WAS THAT SHIPMENTS TO PUERTO RICO ENTERED U.S. MARKET FOR REFINING PURPOSES AND THEREFORE DID NOT QUALIFY FOR TAX WAIVER. SUN OIL HAS NOW COME IN WITH REQUEST FOR WAIVER TO SUPPLY CUBA.

3. MINES HYDROCARBON DIRECTOR INDICATED THAT GOV IS DISPOSED TO GRANT WAIVER ON LEGAL GROUNDS THAT OIL WILL BE TOTALLY CONSUMED IN CUBA. ALSO, WITH REOPENING OF DIPLOMATIC RELATIONS WITH CUBA, VENEZUELA WISHES TO RECAPTURE CUBAN OIL MARKET. UNTIL 1961 VENEZUELA SUPPLIED 90,000 B/D TOCUBA.

4. CUBAN REFINERIES FORMERLY OWNED BY TEXACO AND SHELL WERE ORIGINALLY DESIGNED TO PROCESS VENEZUELAN CRUDE. SUN OIL
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PROPOSAL IS ATTRACTIVE TO GOV FOR REASON THAT SUN HAS NO OUTSTANDING

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PROBLEMS WITH CUBA, WHILE BOTH TEXACO AND SHELL WOULD COMPLICATE SITUATION AS SUPPLIERS SINCE THEY WOULD WANT TO RESOLVE DEBT AND INVESTMENT ISSUES WITH CUBA CONCERNING THEIR FORMER REFINERY OPERATIONS IN THAT COUNTRY.

5. HYDROCARBONS DIRECTOR ASKED WHAT U.S. GOVERNMENT POSITION WOULD BE IN THIS MATTER. PETROLEUM ATTACHE EXPLAINED THAT SALES BY U.S. OIL COMPANIES TO CUBA WOULD BE ILLEGAL UNDER U.S. LAW WITHOUT SPECIAL PERMISSION. ATTACHE SUGGESTED THAT GOV ADVISE SUN OIL TO INFORM THE DEPARTMENT OF STATE OF TIS INTENTIONS AND CONSULT BEFORE ATTEMPTING TO IMPLEMENT SALE. HYDROCARBONS DIRECTOR SAID HE WOULD BE MEETING WITH SUN OIL OFFICIALS APRIL 11 AND WOULD ADVISE THEM TO DO WHAT ATTACHE SUGGESTED. HE FURTHER PROMISED TO KEEP ATTACHE INFORMED OF HIS DISCUSSIONS WITH SUN OIL.
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